(b) the details of assistance sought during the last three years by the State Government in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI P. CHIDAMBARAM): (a) There is no menace of extremist activities in Rajasthan.

(b) No such request was received from the Government of Rajasthan.

Bank Loans to drought affected people

774. SHRI SANTOSH BAGRODIA: Will the Minister of FINANCE be pleased to state:

(a) whether the nationalised banks have been instructed to provide loans to the drought affected people in the country; and

(b) if so, what is the number of people in Rajasthan benefited thereby particularly in Bhilwara district of Rajasthan?

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): (a) Reserve Bank of India (RBI) has issued detailed guidelines to the commercial banks for providing credit assistance, to the persons affected by drought, for raising alternative crops or fodder, production of seeds, minor irrigation purposes, general purpose consumption loans to small and marginal farmers and other weaker sections upto Rs. 500/- and for setting up fair price shops. The guidelines also envisage conversion of short term loans into medium term loans and reschedulement of investment credit. Further, in areas affected by droughts successively for three years or more, banks have been advised to defer recovery of the amount fallen due on account of principal as well as interest in the current year, (July 87—June 88) for a period of two years or till the next normal year, if it occurs earlier. Banks have also been advised to charge a concessional rate of interest of 10 per cent per annum on short term loans upto Rs. 5000/- in the case of farmers who have suffered three or more consecutive drought and whose loans have been converted/ rescheduled.

(b) The data reporting system does not generate districtw se information as desired. However, assistance extended by the public sector banks to persons affected by drought in Rajasthan as at the end of October, 1987 was to the extend of Rs. 19.88 crores in (51,163 Accounts) respect of about fifty thousand borrowal accounts.

Funding for Natural Calamities

775. SHRI BASUDEB MOHAPATRA: Will the Minister of FINANCE be pleased to state:

(a) what are the patterns of funding for combating the natural calamities such as drought, flood and cyclone,

(b) what are the recommendations of the Seventh and Eighth Finance Commission to this effect; and

(c) whether in view of frequent natural calamities occuring from time to time, Government have any proposal to increase the 'Margin Money' limit?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) and (b) The existing policy relating to financing of relief expenditure is based on the recommendations of Eighth Finance Commission which have come into force from 1st April, 1987. The Commission has allotted an amount called 'Margin Money' for each State, as part of its revenue estimates. 50 per cent of the Margin Money is contributed by the Centre as grant in-aid to the States while the remaining 50 per cent is contributed by them. On the occurrence of natural calamity, a State will be entitled to draw on the centre's share after it has exhausted its own share of the Margin Money.

The pattern of financing of relief expenditure is as follows:

(i) *Drought*: Approved expenditure, incurred by the State Government over and above its Margin Money and upto of its Annual Plan outlay, is treated as an addition to the Plan outlay in that year and covered by Advance Plan Assistance adjustable against Central assistance for the State's Plan within five years following the end of the drought Where such expenditure exceeds 5 per cent, indicating the special severity of the calamity, Central assistance is given to meet the extra expenditure half as grant and half as loan, not adjustable against Plan assistance for future years.

(ii) *Floods, cyclones, hailstorm, earthquakes, fire etc.*: Central assistance is given in the form of non-Plan grant, not adjustable against the Plan of the States or against Central assistance for State Plans, to the extent of 75 per cent of the approved expenditure incurred by the State Government over and above its Margin Money. The balance 25 per cent is borne by the State Government.

The scheme of financing of relief expenditure as recommended by the Eigth Finance Commission has been the same as recommended by the Seventh Commission. However, there are some variations in the recommendations of the Eighth Finance Commission as compared to those of Seventh Finance Commission In the recommendations of the Seventh Finance Commission, fire was not covered under natural calamities. However, the Eighth Finance Commission has included fire under natural calamities. Further, the Eighth Finance Commission has made a departure from the Seventh Finance Commission in the manner of funding the Margin Money. The Seventh Finance Commission made a provision equal to the Margin Money, determined by it, in the revenue forecast of each State, whereas, the Eighth Finance Commission has recommended that the Centre should contribute 50 per cent of the Margin Money, determined for each State, every year.

(c) No, Sir.

Negotiation with Jharkhand Coordination Committee

776. SHRI BASUDEB MOHAPATRA: Will the Minister of HOME AFFAIRS be pleased to state:

(a) whether any discussion was recently held with the delegation of Jharkhand Coordination Committee regarding formation of Jharkhand State;

(b) if so, what is the outcome of the discussion; and

(c) if not, what is Government's reaction to the demand of Jharkhand party?

THE MINISTER OF STATE IN THE MINISTRY OF HOME AFFAIRS (SHRI CHINTAMANI PANIGRAHI): (a) No, Sir.

(b) Does not arise.

(c) Such demands arise on account of economic imbalances. The Government is of the view that such imbalances in a particular State or region should be tackled through the mechanism of planning and the creation of a separate State may not be the answer to the problem.

Financial Assistance under the Self Employment Programme for Urban Poor in Orissa

777. SHRI BASUDEB MOHAPATRA: Will the Minister of FINANCE be pleased to state:

(a) what is the number of unemployed youth in Orissa who got financial assistance under the Self Employment Programme for Urban Poor during the last three years;